(b) if so, the locations where these systems are now operational and what is the processing capacity of each unit; and

(c) the reasons for low denomination currencies i.e. Re. 1/- and Rs. 2/- not being in regular circulation these days?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) The Currency Verification and Processing Systems have been made operational at all the 18 Issue Offices of the Reserve Bank of India located at Ahmedabad, Bangalore, Belapur (Navi Mumbai), Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Jammu, Kanpur, Kolkata, Nagpur, New Delhi, Mumbai, Patna and Thiruvananthapuram. The processing capacity of each of these machines is 50,000-60,000 bank note pieces per hour.

(c) In view of the short life span of the notes in the denominations of Re. 1/- and Rs. 2/- and the high cost involved in printing and servicing, the Government decided to coinise these denominations and accordingly the printing of notes of Re.1/- and Rs.2/- was stopped in November, 1994 and February, 1995, respectively.

**World Bank's Report on VAT**

1276. SHRI K.B. KRISHNA MURTHY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have examined the report of the study conducted by the World Bank on the preparedness of States to operationalise the VAT system;

(b) whether the report has concluded that many States are not prepared or equipped to introduce VAT system in the immediate future; and

(c) whether VAT system can be introduced in phases selectively depending upon the readiness of the States concerned?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) The World

Bank has not conducted any study on the preparedness of Indian States to operationalise the VAT system.

(b) Does not arise in view of the reply to part (a).

(c) All States and Union Territories have unanimously agreed to introduce VAT from April, 2003.

**FDI Performance Index Value**

†1277. SHRI PREM CHAND GUPTA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the World Investment Report, 2002 has rated India's Foreign Direct Investment (FDI) Performance Index Value at 0.2 as against China 1.2 and Sri Lanka 0.4;

(b) if so, what are the reasons of such low ranking;

(c) whether Government propose to introduce financial reforms and provide improved infrastructure facilities with thrust on labour reforms to improve its ranking in this regard; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) The above report has rated countries' performance for the period 1998-2000 based on the ratio of the country's share in global Foreign Direct Investment (FDI) flows to its share in global GDP and not relating to absolute FDI inflows. Infact, India which received US$ 4.06 billion in 2001-02 as against US$ 2.46 billion in 2000-01 is among the few countries that has defied the downward trend in world FDI inflows. Further, as per a recent UNCTAD report, India is identified as one of four countries in developing Asia which are expected to witness increased FDI inflows.

(c) and (d) Government has, beginning 1991, initiated a slew of economic and financial reforms. FDI is now encouraged in most economic activities under the automatic route. To attract greater FDI inflows, continuous initiatives are being taken by the Government, which are periodically reviewed.

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†Original notice of the question was received in Hindi.